

Approved For Release 2001/07/27 : CIA-RDP81B00878R000800050052-7

*Office Memorandum* • UNITED STATES GOVERNMENT

STATINTL

TO : [REDACTED]

DATE: 4 August 1958

FROM : [REDACTED]

STATINTL

SUBJECT: R&amp;W Overrun - authorization of

1. It is with reluctance, but never-the-less necessary, that we approve the overrun that R&W has advised in the order of about \$60,000.

STATINTL

Best regards,

[REDACTED]

DOCUMENT NO. 119NO CHANGE IN CLASS. ☐☐ DECLASSIFIEDCLASS. CHANGED TO: TS (S) c 2011NEXT REVIEW DATE: 10/27/2011

Approved For Release 2001/07/27 : CIA-RDP81B00878R000800050052-7

DATE: 10/27/2011 REVIEWER: 010868

**SECRET**

CMCC Doc. No. 151X5.1170

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8 July 1958

*Hazel*25X1A  
25X1*copy 2 destroyed*  
*to 2 July 58*

Dear Dan:

This is a proposal covering the costs of the anticipated overrun for System 3 M-2 as requested in your telephone conversation with Sid W. on 1 July 1958. As Sid told you the overrun money requested will be required by the Pilot Line to produce the last quantity of Systems.

Though the basic units of this System, such as the receiver and the recorder, have been built by us before, the monitoring unit, control unit and indicator units are all new additions to this System. Our experience in the fabrication of these new units has shown that our original estimates were too low. The indicator particularly has cost us more to fabricate than we initially anticipated. The addition of the indicator to the System has also caused some difficulties in the receiver unit. Once the indicator was made part of the System, it induced some interchannel interaction. In order to eliminate this interaction, additional development work had to be performed on the indicator and receiver. At the time this difficulty was encountered, sixteen of the receivers had already been fabricated and had to be reworked. Other difficulties of this type attendant to adding the new units have also resulted in additional costs.

In order to meet the anticipated delivery schedule, production was started on the new monitor, control and indicator units and the redesigned receiver units much sooner after initial design than would normally have been the case. The pacing of production so closely behind R&D resulted in expensive surplusage of both time and material as each of these un-anticipated problems were encountered.

As these additional costs will affect all twenty-four Systems to one degree or another, we have pro-rated the total anticipated surplus costs over the entire twenty-four Systems. The attached cost estimate shows the additional costs per System to be \$2,553 and the total estimated costs for completing all twenty-four Systems, \$61,272. Since this is an overrun, no fee has been applied. New funding will be required in the contract to cover these additional costs.

DOCUMENT NO. 120  
NO CHANGE IN CLASS. ☒  
CLASS. CHANGED TO: TS S C 2011  
NEXT REVIEW DATE: 15/28  
AUTH: 15/28  
DATE: 15/28 REVIEWER: 010956

*Amend no. 3*  
*ref-A-501*

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Page 2 of 2

8 July 1958

Approval of this proposal at your earliest convenience will permit us to continue work at our present level of effort so as not to endanger existing delivery schedules.

Sincerely,



25X1A

Dean

Enclosures:

Copy 1-3 of CMCC Document No.  
1132X5.224


CC: J.L.W. - AGO  
Copy 4 of the above classified document

**SECRET**

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CMCC Doc. No. 1132X5.224 COPY 1 OF 3

Copy 1 of 5  
Page 1 of 3Proposal: CAN 127  
8 July 1958COST ESTIMATE  
SYSTEM 3 M-2 OVERRUNReceiver

Labor	Hours	Rate	Amount
Engineers			\$ 82
Shop Mechanics			109
Testers and Inspectors			113
Assemblers			<u>150</u>
			\$ 454

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25X1A



545

## Direct Charges

Material		<u>536</u>
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\$1,535

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123

TOTAL ESTIMATED COST

\$1,658

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Proposal: CAN 127

8 July 1958

COST ESTIMATE  
SYSTEM 3 M-2 OVERRUNRecorder

	<u>Labor</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
	Engineers			\$ 13
25X1A	Shop Mechanics			17
	Testers and Inspectors			17
	Assemblers			<u>23</u>
				\$ 70
25X1A				84
	Direct Charges			
	Material			<u>82</u>
				\$ 236
25X1A				<u>19</u>
	TOTAL ESTIMATED COST			\$ 255

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Proposal: CAN 127

8 July 1958

COST ESTIMATE  
SYSTEM 3 M-2 OVERRUN

Indicator

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Labor			
Engineers			\$ 32
Shop Mechanics			42
Testers and Inspectors			44
Assemblers			58
			<u>\$ 176</u>

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	211
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## Direct Charges

Material	<u>206</u>
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\$ 593

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47

TOTAL ESTIMATED COST

\$ 640

TOTAL ESTIMATED COST PER SYSTEM

\$ 2,553

TOTAL ESTIMATED COST FOR 24 SYSTEMS

\$61,272**SECRET**